

Frequently Asked Questions and Answers

On June 26, 2018, a further order was made by the Court in connection with the proceedings in respect of the appointment of FAAN Mortgage Administrators Inc. (“Trustee”) as the Court-appointed Trustee of the assets, property and undertakings of Building & Development Mortgages Canada Inc. (“BDMC”). Information regarding these proceedings is available on the Trustee’s website: <http://faanmortgageadmin.com/>. The website is updated frequently and this document will also be updated from time to time, so we recommend that Investors check the website and this document periodically for new information.

Among other things, the June 26, 2018 order:

- a) Approved certain interim stabilization measures, including clarifications with respect to funds held by BDMC at the date of the Trustee’s appointment and funds that are received by the Trustee after the date of its appointment; and
- b) Appointed Chaitons LLP (“Chaitons”) as representative legal counsel (“Representative Counsel”) to represent the common interests of Investors in these proceedings with respect to their investments in syndicated mortgage loans administered by BDMC.

The questions set forth below include frequently asked questions received from Investors by the Trustee and by Representative Counsel in response to a Notice to Investors issued on July 3, 2018 (“Notice”) to advise Investors of the appointment of Representative Counsel. Capitalized terms used but not defined in this document have the meanings given in the Notice.

A. Why was Representative Counsel appointed?

The Trustee’s mandate does not include providing legal advice to Investors. As many Investors are aware, there are circumstances where the Trustee, Olympia Trust Company or Computershare Trust Company of Canada have recommended that Investors seek independent legal advice. Since many of the concerns of the Investors are common to all Investors or to all Investors in any one project, the Trustee is of the view that it was in the best interests of Investors to appoint Representative Counsel to provide Investors with legal representation with respect to their common interests in BDMC syndicated mortgage loans.

Representative Counsel’s mandate is to represent the common interests of the approximately 11,000 Investors in BDMC syndicated mortgage loans. To that end:

- Representative Counsel will act for all Investors in the Court proceedings with respect to the common interests of those Investors.
- Representative Counsel will act in the best interest of Investors and take such necessary and appropriate actions as Representative Counsel deems fit from time to time.

- Investors have an opportunity to opt out of representation by Representative Counsel at any time by sending the opt out form to Representative Counsel in accordance with the instructions in the Notice.

Additional information related to the reasons for the appointment of Representative Counsel is outlined in the Trustee's First Report to Court dated June 19, 2018, which is available on the Trustee's website: www.faanmortgageadmin.com. The information specifically related to the appointment of Representative Counsel commences on page 29 of the Report, at paragraph 74.

B. What are the implications of opting out from being represented by the Representative Counsel?

Any Investors who opt out will not be represented by Representative Counsel in this matter and will either be unrepresented or need to retain their own lawyers, at their expense.

C. Does the appointment of Representative Counsel mean that something has changed regarding the project to which I have advanced my funds?

No, the appointment of Representative Counsel is not related to any specific development or change in the status or outcome of any one or more projects in the BDMC portfolio.

D. Going forward who will be providing me with updates on the status of the project to which I invested funds?

The Trustee has been communicating with Investors since its appointment and will continue to do so when appropriate going forward. Investors should continue to contact the Trustee as it relates to general project updates and questions.

Please note that in accordance with the June 26th Court order the Trustee is undertaking in-depth reviews of the various projects, including commissioning appraisals for certain projects. This in-depth review will take time. The results of the review will be communicated to Investors once available, but the Trustee does not anticipate being in a position to share the results for several months. The Trustee expects to provide its next comprehensive report to Court by the end of October. In the meantime, the Trustee will continue to communicate with Investors as project specific events and/or milestones arise.

The Trustee will be working closely with Representative Counsel to provide Representative Counsel with the information Representative Counsel needs to carry out its mandate. The Trustee will also be seeking Representative Counsel's input on certain matters as appropriate. For example, where Investor consent is required as a result of a development related to a specific project, Representative Counsel will be asked to consider the matter and provide its comments. Representative Counsel's recommendations will be communicated to Investors at the appropriate time.

E. The notice stated that the Representative Counsel does not represent the Investors regarding the Dunsire projects. If this is the case, what is the status of these projects and what steps should Investors take?

There is more than one project called “Dunsire”. Representative Counsel will not be representing Investors in respect of the Dunsire project in Guelph, Ontario only. This project is also referred to as White Cedar Estates. The White Cedar Estates / Dunsire project has now been sold by a court-appointed receiver pursuant to a court order. The Trustee is awaiting an accounting of the sale proceeds to determine the amount, if any, available for Investors in that project.

F. Is there a list detailing which projects the Representative Counsel represents the investors?

Yes. Please see Appendix 3 of the Trustee’s First Report, available here: <http://faanmortgageadmin.com/wp-content/uploads/2018/06/First-Report-of-the-Trustee-dated-June-19-2018.pdf>. Representative Counsel will be dealing with all projects other than #1, 189 Dundas, where no syndicated mortgage loan has been advanced, and #45, White Cedar Estates / Dunsire.

G. Will I be receiving a bill from Chaitons personally?

Investors have no obligation to pay or otherwise compensate Representative Counsel in respect of its efforts on their behalf. Chaitons will be paid its reasonable fees and disbursements from proceeds realized on the various projects and these fees will be paid in priority to a distribution to Investors on the respective project.

The Trustee is mindful that the costs of Representative Counsel should be adequately managed, but is of the view that Representative Counsel can add value to the ultimate outcome for Investors. The Trustee is and will continue to be in regular contact with Representative Counsel to ensure that there is a streamlined strategy and no duplication of efforts between the Trustee and Representative Counsel.

H. Is there any action required of Investors at this time?

At this time, there is no action required by Investors who do not wish to opt out of representation by Representative Counsel.

As indicated in the Notice, if Investors do not wish to be represented by Representative Counsel, they may opt-out of representation by completing the form attached to the Notice and sending it to Chaitons. There is no deadline to opt-out and Investors can opt out at any time. Please note that fees and disbursements incurred by Chaitons’ related to the respective projects will be paid in priority to a distribution to all Investors on that project, whether or not Investors choose to opt-out of representation by Representative Counsel.

I. What is the status of BDMC and Fortress Real Developments Inc.? Are these companies bankrupt?

BDMC is not bankrupt. The Trustee has been appointed as trustee of the assets, property and undertakings of BDMC and is in control of BDMC’s business and operations. Neither

BDMC nor any of its directors or officers have any independent decision making abilities with respect to syndicated mortgage loans at this time.

To the Trustee's knowledge, Fortress Real Developments Inc. continues to operate in the ordinary course. The Trustee has no authority over Fortress Real Developments Inc. and only limited knowledge of its business and affairs. We recommend that you direct any questions about Fortress Real Developments Inc. to its representatives.

J. Will there be any litigation or class action suits brought against BDMC and Fortress Real Developments Inc.?

It is premature to know whether there will be any litigation commenced against BDMC or Fortress Real Developments Inc. as part of these proceedings.

K. Is there an estimate for how long it will take for this matter to be resolved?

No, at this time it is too early to know how long this matter will take or how long it will take to administer any one syndicated mortgage loan made to a project. The Trustee will be reporting to the Court at the end of October with respect to its views on the various projects. Investors are encouraged to read that report once it becomes available.

L. How do we reach the Trustee?

Investors can continue to reach the Trustee at the same email address and telephone number as before:

Email: info@faanmortgageadmin.com
Toll-Free Telephone Number: 1-833-495-3338

PLEASE NOTE: Since the issuance of the July 3, 2018 Notice, the Trustee has been receiving an extremely high volume of calls and emails, accordingly, we kindly ask, that prior to calling or emailing you reference this list of frequently asked questions.

What should be included when emailing or calling the Trustee?

When calling or emailing the Trustee please be sure to include the information set out below so that we can most efficiently respond to your questions:

- a) Full name, including the spelling of your last name;
- b) Name(s) of the project that you are inquiring about; and
- c) Phone number (if you are looking for a return call).

Please note, that the voicemail is checked frequently throughout the day and all calls are returned in the order that they were received. Given the recent volume of calls it may take up to a few days for you to receive a return call, but please know that a representative of the Trustee or BDMC will return your call as soon as possible. Email is the most efficient way to get in touch with us.

We understand that this is a very unsettling time for many Investors and we are working diligently to provide you with relevant information and clarity. We will send a communication directly to you if there are urgent matters that you as an Investor need to be advised of or need to be consulted on and this notice will advise you of any steps that you need to take.

M. How do we reach Representative Counsel?

Investors can reach Representative Counsel at the following email address and telephone number:

Email: BDMC@chaitons.com

Toll-Free Telephone Number: 1-888-203-0509

When emailing or calling Representative Counsel please be sure to include the information set out below:

- a) Full name, including the spelling of your last name;
- b) Name(s) of the project that you are inquiring about;
- c) Phone number (if you are looking for a return call); and
- d) Reason for your call.

As noted above, Investors should contact the Trustee with questions regarding general project updates instead of Representative Counsel as Representative Counsel may not have all relevant information. Chaitons will endeavour to respond to appropriate inquiries as soon as practically possible, having regard to the volume of inquiries and number of investors.

Please note that Representative Counsel has advised that email is the most efficient way to get in touch with them.

Additional information regarding these proceedings, including this list of frequently asked questions, is also available on the Trustee's website www.faanmortgageadmin.com.